

Message Text

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64

ACTION EUR-25

INFO OCT-01 ADP-00 CAB-09 CIAE-00 COME-00 DODE-00 EB-11

INR-10 NSAE-00 RSC-01 FAA-00 L-03 RSR-01 /061 W

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FM AMEMBASSY BONN

TO SECSTATE WASHDC 6690

INFO AMEMBASSY LONDON

AMEMBASSY PARIS

USMISSION BERLIN

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E.O. 11652: N/A

TAGS: ETRN, WB, GW

SUBJECT: CIVAIR - PAN AM ENTRY INTO BERLIN IT CHARTER

MARKET; REACTION OF MODERN AIR TRANSPORT

REF: (A) BONN 10980, (B) BERLIN 1325, (C) 143920

1. EMBASSY INFORMED JAY MCGLON, VICE PRESIDENT OF MAT ON AUGUST 3 OF THE SUBSTANCE OF PAN AM'S PROPOSAL AND THAT IT HAD BEEN GIVEN ALLIED APPROVAL IN PRINCIPAL. MCGLON SAID THAT IF PAN AM WERE TO OBTAIN A MAJOR BERLIN INCLUSIVE TOUR CONTRACT, THIS WOULD BE A VERY SERIOUS MATTER INDEED. HE HAD HEARD SOME RUMORS ABOUT PAN AM'S PROPOSED IT CHARTER ACTIVITY, AND ACCORDING TO HIS INFORMATION, PAN AM WAS TRYING ITS HARDEST TO GET THE CARRIER CONTRACT FOR BERLINER FLUG RING (BFR). THIS IS MAT'S LARGEST CONTRACT, REPRESENTING, ACCORDING TO MCGLON, APPROXIMATELY 35 TO 40 PERCENT OF MAT'S BUSINESS, AND IF PAN AM SHOULD TAKE THE CONTRACT AWAY FROM MAT, THEIR OPERATIONS WOULD BE SEVERELY CRIPPLED. MCGLON NOTED THAT IT WAS ONE THING, AS IN THE PAST, TO HAVE PAN AM IN THE BERLIN CHARTER MARKET IN A RELATIVELY SMALL WAY, BUT QUITE ANOTHER TO HAVE PAN AM CUT INTO A MAJOR PART OF A MARKET PREVIOUSLY RESERVED FOR THE

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SUPPLEMENTALS.

2. MCGLON SAID HE WAS INFORMING HIS MIAMI HEADQUARTERS AT ONCE AND THAT MAT REPRESENTATIVES WOULD BE IN TOUCH WITH THE DEPARTMENT. HE OBSERVED THAT IN THE PAST THERE HAD BEEN A SEPARATION OF THE MARKETS FOR CHARTERS AND SCHEDULED IGS CARRIERS OUT OF BERLIN, BUT IF THIS DISTINCTION WERE BROUGHT TO AN END, MAT WOULD EXPECT A RECEPTIVE USG ATTITUDE FOR MAT PROPOSALS TO COMPETE WITH PAN AM ON THE SCHEDULED SERVICE BETWEEN BERLIN AND POINTS IN THE FRG.

3. COMMENT: WITH REFERENCE TO PARA 3, REFTEL (C), PARA F, REFTEL (B) AND PARA 2, REFTEL (A), THE EMBASSY STRONGLY URGES THE DEPARTMENT TO DISCUSS PAN AM'S INTENTIONS WITH PAN AM IN WASHINGTON, WITH A VIEW TO PERSUADING PAN AM THAT ITS OPERATIONS IN THE IT FIELD SHOULD BE LIMITED. WERE PAN AM TO TAKE THE BFR CONTRACT FROM MAT, THIS WOULD BE A SEVERE BLOW. IN THE LIMITED CONFINES OF THE BERLIN MARKET, WE DOUBT THAT THERE IS MUCH TO BE GAINED IN TERMS OF US INTEREST BY CREATING CONDITIONS FOR KNOCK-DOWN, DRAG-OUT COMPETITION BETWEEN TWO US FIRMS, AND POSSIBLY EVEN THE DISAPPEARANCE FROM THE SCENE OF MODERN.
HILLENBRAND

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